

### **Dynamics of Neo-Liberal Workplace and Employment Relations: Implications and Challenges to Social Partners**

#### **ABSTRACT**

*The challenges facing social partners in Employment Relations occasioned by evolving global dynamics continue to task the actors; stretching the capacity of institutional arrangements for managing employment relations, even in the face of globalization and socio-economic challenges. Indeed, one of the inevitable implications of global capitalism on contemporary workplace has been the accentuating challenges, and evolving “new” roles for social partners in employment relations, within the tripartite arrangement of industrial relations system. In the context of this evolving challenges, institutions and actors of Industrial Relations are confronted with how to tackle emerging issues such as; the volatility of the labour market, vulnerability and precarity, mobility of labour, labour policy reforms, part-time work and flexible work arrangement, on the one hand, and how to cope with the consequences of neo-liberal dictates such as privatization and restructuring, with implications for industrial harmony, and productivity in the workplace. In the emerging context, social partners are to be more innovative and strategic in coming up with approaches, attitudes and practices, not only at sustaining employment relations, but indeed on the need to further ensure decent work for all. For instance, Labour (trade unions) as one the strategic partner in Industrial Relations, has come to realize that beyond negotiations on working conditions, they wish to extend their mandate to participate in the formulation of productivity polices at a consultative level, with the management, and even on broad national public policy that have direct impact on the living conditions of the entire citizenry, at the national level. This posture, the*

*State (also a strong partner) is often uncomfortable with; arguing that Labour should limit itself to its traditional roles of improving the terms of employment and welfare of workers. In view of these diverse interests in which industrial relations constituents are pitched, this paper contends that priority should therefore be given to ways of evolving sustainable framework of social dialogue that will continuously assure industrial harmony within the context of ever-fluid environment. This paper contributes to understanding the relevance of participative (social) dialogue as resilient institutional framework in the context of the new challenges.*

**Keywords:** sustainable framework, trade unions, socio-economic challenges,

*Employment Relations*

## **INTRODUCTION**

The spectrum of employment relations in developing countries including Nigeria is currently evolving in a particular challenging manner. Two main factors that impact upon each other seem to account for this. First was the emerging neo-liberal framing at the global level, which consequently portend implications for employment relations at the workplace level.

Indeed, the expansion of global neo-liberal logics, even to emerging economies has brought some disruptions to employment relations on the one hand, as well as “gain on productivity and living standards” (Bain et al 2003). In the context of neo-liberal expansions into Sub-Sahara African countries, one of the most severe impacts of global capitalism has been on the area of employment restructuring – a polite term for job loss and social exclusion. The attendant implications of Global capitalism continue to re-define the normative patterns of employment relations, tasking the institutional mechanisms for employment regulations and posing new challenges to social partners,

not only in addressing issues of labour market, but indeed terms of employment, employment deregulations and social protection.

### **Neo-liberal Capitalism and Employment Relations.**

Worldwide, global capitalism has unleashed a two-pronged processes, entailing the globalization of finance on the one hand, and complementing it with globalization of production on the other hand (Wilberg 2004; Thompson 2005). The common features of these two components have being a heightened International Capital Mobility with a widespread trade liberalization and financialization. The essence of liberalization has been to de-regulate substantially the product, finance and labour markets, to privatize enterprises and to encourage foreign Direct Investment (FDI) into emerging economics (Hya-Soo Lee 2003). Thus, the encouragement and penetration of globalization of finance which is also accompanied by globalization of production now have implications not only on broad public policy in developing countries but has also re-shaped the emerging employment relations and patterns.

Foreign Direct Investment (FDI), led by Multinationals has become a significant driving force of globalization (Malberg 2004). As shown in the work of Milberg (2004) operations and dimensions of multinational led FDI, are exemplified within some identified contexts of Horizontal and Vertical FDI. Indeed, the two contexts of FDI on which global capitalism operate are intertwined and characterized by the following: “Market-Seeking” which involves a replication of production capacity on foreign locations for sale and trades; capital movement aimed “at a more efficient backward linkage (Malberg 2004). As noted by Malberg (2004), vertical FDI is fashioned for less developed countries through a variety of incentives – lower labour costs, lower taxes in profits, low or lax standard on labour and environment.

Paragraph Added to the above context of FDI's operations is what is referred to as "Strategic Asset Seeking" (Malberg 2004) which is also characterized by investment in strategic values of telecommunication, information technology and service industry. Thus, given the sheer magnitude of their operation, Multinational led FDI's have the ability to break up production process and integrate this process across many countries thereby influencing labour market relations with attendant implications on patterns and situations of employment both at the formal and informal levels.

Relating the above analysis to Nigeria for the purpose of illustration, performance of the economy in the last two decades had led to de-regulation of domestic market and enterprises which had been in line with prescriptions of neo-liberal agenda. And this has started to prompt all forms of social deregulation, and shifts in established relations between labour and management. Indeed, in Nigeria, the steady penetration of neo-liberal process with its strong advocacy on government's deregulation and privatization of public service delivery; the entire process has re-configured the entire "world-of-work" with new patterns emerging which include; long-term unemployment, barriers to employment opportunities, and all kinds of social exclusion associated with neo-liberalism, (Marilyn 2004). Left with no choice in the emerging context, workers are now experiencing new patterns of employment relations.

Thus, the disturbing features of global capitalism on national employment relations include greater volatility of labour and product markets with enormous implications on unskilled labourers, the artisans and the self-employed. (Gunter 2004). For the unskilled workers, implication includes not only precariousness of their jobs, but also a decline in wages, lack of bargaining power and work insecurity. Caught in the web of local dimensions of global capitalism, majority of the self-employed or those in non-standard wage employment continue to experience social exclusions from standard sector

employment, and its benefits. Thus, the inevitable trends of employment situations in countries that found themselves in globalization arrangement is informalization of employment, characterized by lack of social security, benefits and social protection.

Employment informalization in this understanding could be conceptualized into two basic categories; the self-employment in informal enterprises, and the paid employment in informal jobs – the latter comprising casual labourers with no fixed employer, domestic workers who work for households and other industrial workers who work under sub-contract for either formal or informal employment (Gunger 2004). The common trends are that both types of informal employment are characterized by “lack of secure contract”, lack of workers’ benefits and social protection as well as low-wage earnings (Gunger 2004).

Increasingly the positions of informal workers in the global commodity and value chains continue to be precarious since barriers to entry into formal employment prevent these self-employed, own-account workers from taking advantage of employment and social protections opportunities in the face of competition from labour markets and formal employment sectors. As a result, they are “marginalized” or excluded not only by being unemployed but also by being engaged in types of work and working conditions that condemn them to low productivity, low earning, drudgery and repetitive work, poor quality product and occupations without any sustainability.

Further, and within the context of broad labour market dynamics, influenced strongly by neo-liberal framings, employment situations have taken a different dimension, where precarity is creating an increasing split in the labour market between a stable core of workers, and a number of “marginal groups” with quite a different fate and status in the labour market. As a result, this category of precarious workers manifests a significant change in terms of their orientations in the world of work. The unskilled and semiskilled

show a preference for work style in which employment could no longer be seen as self-actualizing, and where formal terms of employment have come to represent less importance and less relevance in their world of work. This is most accentuated by job casualization heralded by globalization crusade. The vulnerable workers of precarious category see the world of work as what to be done for daily existence, and not for livelihood and sustainability.

Against the background created by the challenges of global capitalism, the task to social partners has been how to evolve sustainable mechanisms and processes that will not only address the myriads of socio-economic problems, but will indeed, assure a sustainable process of maintaining harmonious industrial relations and national development?

### **PARTICIPATIVE (SOCIAL DIALOGUE): OPTIONS FOR SOCIAL PARTNERS IN THE WORKPLACE.**

In the current discourse surrounding neo-liberal framing of public policies in Sub-Sahara Africa and the implications on employment relations, the concept of social dialogue is emerging as sustainable alternative or supplement, not only at addressing concerns of industrial relations constituents, but also at enhancing institutional practices for industrial harmony. In this new expectation, “tripartism” which is an arrangement among the social partners, is understood as a form of “corporatist interests intermediation” whereby the State cedes part of its authority to legally recognized representative organisation of employers and workers; the goal being to align these “interests groups” with the industrial relations policies and framework (Fashoyin 2004). Indeed, the challenges facing social partners in the tripartite arrangement of industrial relations transcend employment matters, involving public policy matters, strategies and options. For instance, as noted by Fajana (2010), in the face of enormous challenges of public policy reforms broadly, and even in the context of privatization or commercialization of public utilities,

specifically, institutional framework of social dialogue could assist in addressing diverse issues between management and labour. Social dialogue has therefore become a sustainable framework through which social partners are “encouraged” or “enabled” to express their views and make their own contribution in specific workplace policy formulation and implementation (Fashoyin 2004). Though the interests of parties in employment relations could be “conflictual” and “antagonistic”, social dialogue structure and process facilitate processes of consultation and information exchange which could ultimately enhance labour relations (Fajana and Shadare, 2012) Social dialogue has been identified as the best practice espousing tripartite co-operation in the resolution of conflicting positions on employment and labour market policy issues. In the face of globalization as evidenced in several emerging economies, with implications in the world of work, institutional framework of social dialogue has strongly assisted not only in re-shaping the workplace relations but also in consolidating the path for national productivity, (Fashoyin 2004). The imperative for such consultative forum especially in developing economies has become more compelling if it is appreciated that social capital including stable labour relations are the means of enhancing productivity dynamics and sustainable development( Fajana, 2012). In all countries where demonstrated efforts have been made to institutionalize social dialogue framework, the enduring character has been that it contributes to promoting national development; allowing key actors to participate in the process. Within any context in which it is introduced, social dialogue meant, broadly, “as all types of negotiation, consultation, or exchange of information, usually between the representatives of government, employers and workers on issues of common interest relating to economic and social policy (Fashoyin 2004). Thus, as a framework, it covers not only the traditional arena of industrial relations involving collective bargaining over distributional conflict of interest, but indeed issues of broad

national economic and social policy. Perceived thus, social dialogue process could be seen as more relevant and resilient in the context of contemporary challenges facing labour market institutions on issues engendered by the dynamics of globalizations. Implicated issues such as decent work, employment situations, social protection and labour relations are now at the “fore burners” of the debate over the impact of globalization on broad national public policy (Fashoyin 2004). In this sense, national level social dialogue framework foresees the scope of discussion and negotiation as extremely far beyond employment and labour market. Generally, where it has been demonstrated to work successfully, value of social dialogue has been seen not only to have contributed to enhancing labour peace and harmony at industrial level, but also at national level. (Fashoyin, 2004). In other words, in moments of organizational restructuring, social dialogue can help gain broad consensus on key issues, such as wage restraints, stable labour relation, labour-management co-operation and a commitment to improved productivities. As empirical evidences (Fajana, 2010, 2012; Fashoyin, 2004) have shown the institution of social dialogue has helped to promote inclusive employment and labour market regimes, thus enabling the social partners to make their contributions to organization productivity. Thus, while imperatives in contemporary workplace have increasingly compelled social partners to respond to neo-liberal dictate, social dialogues remain a sustainable institutional framework for addressing issues of industrial harmony and productivity. For instance in Denmark, Ireland and Netherlands, relative success of social dialogue in the labour market sphere was largely in overcoming long standing adversarial labour relations, and thus creating a climate of confidence among principal social partners (Fashoyin 2004). In essence, it has provided a stable mechanism for resolving differences that might otherwise lead to disruptive industrial conflict and disharmony, which might in turn adversely affect industrial peace and productivity.

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However, the sustainability of such social arrangement depends largely on recognition of the part on the social partners of “its instrumental value in enhancing interests in both economic and non-economic matters of labour relations” (Fashoyin 2004). If parties must collaborate in workplace labour relations, challenges still remain for them to do more especially in the area of labour policy formulation that have direct bearing on labour relations. As challenges of neo-liberalism remain, Trade Unions are expected to do more in terms of their representative roles, by “spreading their nets” wider enough to capture, first, the unorganized wage earners, and second, the large pool of non-wage workers in the informal sector (Fashoyin 2004).

Indeed, the dynamic character of issues involved in labour-management relations especially as enunciated in the various ILO treaties and recommendations had thrown the challenges at social partners to constantly reintegrate domestic labour policies with these various treaties. And one of the veritable means of doing this is to put in place a sustainable framework of social dialogue that encourage collaborative relations among the constituents of industrial relations. In this manner, labour relations issues especially in emerging economies would not only anticipate fall-out of post- liberalizations but also move ahead of it in terms of labour market process. It can therefore be said that for social partners in this unfolding era, social dialogue has become a strategic choice with which to make progress towards solving myriads of problems confronting the key actors. The real challenge remains the best way of making the institution more effective and meaningful. Thus, the following have been identified as objectives of a meaningful framework of social dialogues:

- a. That the institution of social dialogue should strive towards promoting labour market stability and generation of employment opportunities. Through the

process, social partners have the advantage of constantly evaluating the indices of labour market with a view to determining alternative approaches for employment generation;

- b. That the institution should promote a regime of legal rights and protection within the ambit of collective bargaining in which compliance with core labour standards are guaranteed and maintained;
- c. It should commit itself to progressive dispute settlement machinery that will eliminate flaws, logjams, delay, frustration and conflict among social partners.
- d. The institution of social dialogues we are talking about should commit itself to evolving dispute prevention strategies by way of ensuring that social partners embrace codes of good practice in work organisation, guidelines, early warning system and targeted capacity building of social partners

Adoption of these instruments into the process of social dialogue would lay the basis for responsible participation of parties, thereby assuring harmonious industrial relations that are conducive for productivity and efficiency, and strengthening of social cohesion in the workplace. In this way social partners would be able to chart their own course of action and thus be ready to utilize this objective in manners that deliver decent work and productivity.

## **CONCLUSION**

Indeed as the process of globalization and global capitalism continues its steady penetration, especially in regard to contemporary workplace, challenges to industrial relations constituents, and its wider arena, also continue to be enormous and tasking. Caught in these intertwined processes, social partners have increasingly appreciated the need to embrace and build on the institutional framework of social dialogue as sustainable

alternative at addressing myriads of problems and challenges confronting the parties, as occasioned by global capitalism.

As a process that broadens participation, social dialogue has proved to be very resilient in contributing to robust industrial relations policy formulation and implementation. Its major strengths rest on its ability to galvanize the willingness of social partners to explore its potentialities in arriving at acceptable options and strategies in the context of workplace relations. The institution, both as a framework and procedure, has been shown to facilitate stable labour relations, which are critical for organizational productivity and efficiency.

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